

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
LEGAL
WORKING FILE**

FROM: MATT ELAM

DATE: AUGUST 8, 2013

SUBJECT: IDAHO POWER'S TARIFF ADVICE – REVISIONS TO SCHEDULE 5.

On July 11, 2013, Idaho Power filed Tariff Advice No. 13-01 requesting modifications to Schedule 5 – Residential Service, Time-of-Day Pilot Plan (“TOD”). The purpose of this filing is to seek approval to remove the cap of 1,200 metered service points currently in the tariff and to insert new language that will allow the Company to manage participation without a cap. Specifically, the Company proposes to remove the cap and insert the sentence “Idaho Power reserves the right to limit participation in this pilot program at the Company’s discretion.” According to Idaho Power, this language is necessary because the Company is concerned about being able to manage an unpredictable and unexpected large increase in customer sign-ups while the new customer information system is being implemented and tested.

BACKGROUND

On March 27, 2012, the Commission approved a proposal by Idaho Power to implement a Time Variant Pricing Plan to a limited number of residential customers. The goal of the Time Variant Pricing Plan is “to offer customers a choice of pricing plans while providing them with better tools to manage their energy usage, to provide the Company with the opportunity to further study the effects of a time variant rate on customers’ usage, and to help shape the Company’s future communication efforts.” Order No. 32499. The Commission directed the Company to provide an analysis of the 2012 Time Variant Pricing Plan results to Staff prior to filing further revisions to its time variant pricing tariff. Order No. 32499.

STAFF REVIEW

The Company provided Staff with an analysis of its Time-of-Day Status Report on June 20, 2013. The preliminary results include six months of data and only show small changes in consumption away from peak hours. The final report summarizing the impacts of the program after reviewing a full year of data is not expected to be completed until 2014, at which time the Company also plans to provide the results of a customer survey.

The Company's limited offering went out to 126,690 customers in Boise, Garden City, Eagle, Star, Meridian, Nampa and Middleton areas. The Company originally estimated 2-3% of the customers invited to participate in the program would enroll, but discovered only 1.1% of the customers invited to participate enrolled. After a small amount of attrition, the Company states there are 1,567 customers currently signed up for Schedule 5. This consists of 1,436 participants in the study group, and a small group of customers who were not solicited for the study but were allowed to enroll. According to the Company, it did not limit participation when the cap of 1,200 was reached for two reasons. First, the Company was concerned there might be a high attrition rate since other utilities had reported attrition rates as high as 25% for similar pilots, and the Company wanted a robust study with at least 1,200 participants. Second, the number and rate of customer sign-ups were difficult to forecast and the Company did not want to turn away a customer who was responding to an invitation.

In the 2012 Time Variant Pricing Plan, the original analysis for the proposed implementation of its limited offering, the Company stated that it planned to use the results of the study to predict overall acceptance of TOD rates as it rolled them out to the entire residential class. However, the Company has not attempted to predict enrollment if the TOD rate option is made available to the entire residential class. Staff believes it is difficult to estimate the number of customers that might switch to Schedule 5 if offered to the entire class, particularly since the Company's study group excluded customers who: (1) had less than 12 months of AMI metering data; (2) rented instead of owned their home; (3) used less than 800 kWh in all of the months; and (4) were on the 'Do Not Call List.'

Staff does not oppose removing the cap since according to the Company, it is unlikely that it will be unable to manage the number of customers interested in signing up because of problems with the rollout and testing of its new customer information system. However, if the

Company does encounter problems with its new customer information system and is unable to sign customers up, the proposed tariff language allows it to temporarily limit participation.

STAFF RECOMMENDATION

Staff reviewed the Company's revisions to Schedule 5 and believes the changes are reasonable. Staff also believes it is reasonable to permit the Company to temporarily limit participation in the pilot program if it encounters problems with its new customer information system. The proposed tariff changes have been attached for review.

COMMISSION DECISION

Does the Commission wish to approve the replacement Schedule 5 tariff sheet?


Matt Elam

udmemos/schedule 5 revision.doc

SCHEDULE 5
RESIDENTIAL SERVICE
TIME-OF-DAY PILOT PLAN
(OPTIONAL)

AVAILABILITY

Service under this schedule is available at points on the Company's interconnected system to residential Customers where existing facilities of adequate capacity and desired phase and voltage are adjacent to the Premises to be served, additional investment by the Company for new transmission, substation or terminal facilities is not necessary to supply the desired service, and Advanced Meter Reading (AMR) equipment is installed. Idaho Power reserves the right to limit participation in this pilot plan at the Company's discretion.

The Residential Service Time-of-Day Pilot Plan is an optional, voluntary service that provides residential Customers the option to take electric service with seasonal time-of-day energy rates.

If a Customer requests to participate in this pilot schedule, the Customer will be placed on the schedule within seven (7) business days, subject to work constraints.

A Customer may terminate their participation on this schedule at any time. However, the Customer may not subsequently elect service under this schedule for one year after the effective date of cancellation. If a Customer requests to be taken off of the schedule, the Customer will be removed from the schedule as of the last meter read date.

APPLICABILITY

Service under this schedule is applicable to Electric Service required for residential service Customers for general domestic uses, including single phase motors of 7½ horsepower rating or less, subject to the following conditions:

1. When a portion of a dwelling is used regularly for business, professional or other gainful purposes, or when service is supplied in whole or in part for business, professional, or other gainful purposes, the Premises will be classified as non-residential and the appropriate general service schedule will apply. However, if the wiring is so arranged that the service for residential purposes can be metered separately, this schedule will be applied to such service.

2. Whenever the Customer's equipment does not conform to the Company's specifications for service under this schedule, service will be supplied under the appropriate General Service Schedule.

3. This schedule is not applicable to standby service, service for resale, or shared service.

The Company shall have the right to select and reject Pilot participants at its sole discretion.

TYPE OF SERVICE

The type of service provided under this schedule is single phase, alternating current at approximately 120 or 240 volts and 60 cycles, supplied through one meter at one Point of Delivery. Upon request by the owner of multi-family dwellings, the Company may provide 120/208 volt service for multi-family dwellings when all equipment is U L approved to operate at 120/208 volts.

SCHEDULE 5
RESIDENTIAL SERVICE
TIME-OF-DAY PILOT PLAN
(OPTIONAL)

AVAILABILITY

Service under this schedule is available at points on the Company's interconnected system to residential Customers where existing facilities of adequate capacity and desired phase and voltage are adjacent to the Premises to be served, additional investment by the Company for new transmission, substation or terminal facilities is not necessary to supply the desired service, and Advanced Meter Reading (AMR) equipment is installed. ~~Service under this pilot schedule is limited to no more than 1,200 metered service points. Idaho Power reserves the right to limit participation in this pilot plan at the Company's discretion.~~

The Residential Service Time-of-Day Pilot Plan is an optional, voluntary service that provides residential Customers the option to take electric service with seasonal time-of-day energy rates.

If a Customer requests to participate in this pilot schedule, the Customer will be placed on the schedule within seven (7) business days, subject to work constraints.

A Customer may terminate their participation on this schedule at any time. However, the Customer may not subsequently elect service under this schedule for one year after the effective date of cancellation. If a Customer requests to be taken off of the schedule, the Customer will be removed from the schedule as of the last meter read date.

APPLICABILITY

Service under this schedule is applicable to Electric Service required for residential service Customers for general domestic uses, including single phase motors of 7½ horsepower rating or less, subject to the following conditions:

1. When a portion of a dwelling is used regularly for business, professional or other gainful purposes, or when service is supplied in whole or in part for business, professional, or other gainful purposes, the Premises will be classified as non-residential and the appropriate general service schedule will apply. However, if the wiring is so arranged that the service for residential purposes can be metered separately, this schedule will be applied to such service.

2. Whenever the Customer's equipment does not conform to the Company's specifications for service under this schedule, service will be supplied under the appropriate General Service Schedule.

3. This schedule is not applicable to standby service, service for resale, or shared service.

The Company shall have the right to select and reject Pilot participants at its sole discretion.

TYPE OF SERVICE

The type of service provided under this schedule is single phase, alternating current at approximately 120 or 240 volts and 60 cycles, supplied through one meter at one Point of Delivery.

| Idaho Power Company ~~Second~~Third Revised Sheet No. 5-1

Cancels

| I.P.U.C. No. 29, Tariff No. 101 ~~First~~Second Revised Sheet No. 5-1

Upon request by the owner of multi-family dwellings, the Company may provide 120/208 volt service for multi-family dwellings when all equipment is U L approved to operate at 120/208 volts.

IDAHO

Issued – ~~January 10, 2012~~ July 11, 2013

Effective – ~~March 1, 2012~~ August 15, 2013

Advice No. ~~42-02~~ 13-01

Issued by IDAHO POWER COMPANY

Gregory W. Said, Vice President, Regulatory Affairs

1221 West Idaho Street, Boise, Idaho